

Central Intelligence Agency



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DIRECTORATE OF INTELLIGENCE  
13 May 1988

The Bahamas: Likely Reaction to a  
US Drug Indictment [redacted]

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Summary

A US indictment of Bahamian Prime Minister Lynden Pindling on drug charges probably would not bring significant domestic or international pressure on him, at least in the short term. We believe the Prime Minister would retain his widespread popularity at home, unless incontrovertible evidence were presented against him. Pindling probably would revert initially to the anti-US rhetoric that helped him to win reelection last June and publicly would refute all charges, while selectively cracking down on drug offenders as a smokescreen. Most Caribbean area governments, tarred by their own narcotics-related corruption, would be reluctant to condemn the Prime Minister. [redacted]

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Pindling has a narrow, but potentially significant, range of options that he could use to lash out at Washington. The Prime Minister probably would threaten to reduce cooperation with the United States in the interdiction of narcotics and illegal emigrants, and might eventually seek to restrict US military access to Bahamian territory. Narcotics traffickers and Haitian illegals, in particular, almost certainly would move quickly to exploit any perceived restrictions on US Coast Guard operations in Bahamian

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waters. Pindling also might target US drug offenders, calculating that their families might pressure Washington to secure their release through some compromise. Nassau is unlikely to resort to economic retaliation, which would have much greater repercussions on The Bahamas than on the United States.

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### Impact on Bahamian Politics and Economy

If Pindling is indicted by the United States, we believe he would continue to receive widespread domestic support unless credible evidence strongly implicating him were made available for public scrutiny. The Prime Minister--whose 20-year tenure as head of government is longer than that of any other Caribbean leader--at present faces no strong challenge from within his Progressive Liberal Party or the opposition Free National Movement.

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Pindling currently has the loyalty of his cabinet and most members of the ruling party, where the first serious challenge to his leadership might surface. Both Deputy Prime Minister Clement Maynard and Attorney General Paul Adderley have defended him vigorously in the face of press reports of an impending indictment on US drug charges. We believe they would continue to back Pindling unless the evidence of his guilt were overwhelming. Backbenchers from the ruling party have limited their criticism of the Prime Minister in the past and probably would stick to this stance as long as the evidence against him were perceived as weak. Ruling party dissidents and independent Members of Parliament currently pose no significant threat to Pindling's authority and by themselves probably would be unable to sway the opinions of legislators or the public at large.

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Moreover, the Free National Movement currently is suffering from weak leadership and severe financial constraints that seriously undermine its effectiveness as an opposition party. Its members might attempt to open debate in Parliament on Pindling's indictment, but the ruling party probably would counter that the Movement itself is tainted by drug-related corruption.

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Over the longer term, unfavorable publicity stemming from an indictment could well accelerate recessionary economic trends and undercut Pindling's domestic popularity. Tourism--which accounts for 60 percent of GDP and had been booming since the early 1980s--has suffered recent setbacks, partly because of stiffer

competition from other Caribbean countries. Tourist arrivals fell 5.4 percent during the last quarter of 1987, compared to the same period in 1986, and preliminary data provided by the Embassy show that this downward trend continued through the first quarter of 1988. Curtailed domestic lending by banks since last December, apparently due in part to liquidity problems created by a decline in the inflow of narcodollars, is raising Nassau's concern that the shortage of loanable funds will trigger a major recession. [redacted] In addition, relations between the government and the offshore banking community have deteriorated sharply in response to Pindling's doubling of banking fees and criticism of international bankers for failing to employ Bahamians in management. The Bahamas has captured little of the offshore business departing Panama since December, and the Embassy indicates that as many as 50 "nameplate" banks, with few active operations in The Bahamas, may pull out altogether. [redacted]

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### Pindling's Options

#### Political Response

On the domestic front, the Prime Minister almost certainly would respond to any US drug indictment by increasing anti-US sentiment and blasting his political opponents. Such a strategy helped him to win a resounding victory in national elections last June. Pindling would begin an intensive publicity campaign, denying all charges and condemning Washington. In Parliament, Pindling would be likely to present his defense with the same methodical and thorough style used in April to refute charges made against him at the trial in Florida of alleged Colombian drug kingpin Carlos Lehder; he would refute categorically all testimony implicating him in accepting bribes and label any Member of Parliament criticizing his defense as a US pawn. [redacted]

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We believe Pindling also would call for diplomatic support from other Caribbean countries, charging a US attempt to oust him and discredit his administration. By claiming that Washington is interfering in the affairs of a poor, black Caribbean nation, the Prime Minister would hope to persuade other area governments to rally behind him and perhaps to help lobby for additional support from outside the region. Although Nassau generally has not participated actively in the 13-member Caribbean Community (CARICOM), Pindling might approach this organization for backing because it remains the primary voice of the region's English-speaking countries. [redacted]

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We doubt the Prime Minister would immediately press Cuba for diplomatic or other support because relations between Nassau and Havana historically have been cool. The Bahamians remain sensitive to Cuban fishing and oil interests, especially since Cuban MIGs in 1980 sank a Bahamian Defense Force vessel

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attempting to seize a Cuban fishing boat in Bahamian waters. Nassau and Havana have only limited trade relations, no scheduled airline service, and practically no cultural or student exchanges, according to the US Embassy in Nassau. Moreover, Pindling would not want to give the United States additional reason to criticize The Bahamas at this time. [redacted]

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Although The Bahamas is part of the British Commonwealth, Pindling would be reluctant to press London for diplomatic backing in the face of a US indictment because of his own legal problems there. The final appeals court of British colonies and Commonwealth members currently is holding a hearing on charges that a Bahamian commission appointed by Pindling in 1976 did not properly investigate his alleged failure to disclose more than \$1 million in cash gifts and profits from the sale of property. [redacted]

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#### Cooperation on Narcotics and Other Issues

We believe Pindling--if indicted--would seriously consider curtailing cooperation with Washington on interdicting the flow of drugs and illegal emigrants to the United States. Until now, Nassau's permission for the US Coast Guard to board, search, and seize ships in Bahamian territorial waters has enhanced US ability to deal with these problems. Last year, expanded joint interdiction operations seized 11.3 metric tons of cocaine and 160 metric tons of marijuana--both record amounts, according to the US Embassy. Still, US law enforcement agencies estimate that 50 to 60 percent of all cocaine and marijuana entering the United States transits the 700 islands and territorial waters of The Bahamas. As a result, Pindling might calculate that a mere threat to reduce antinarcotics cooperation would prompt the United States to back off. If Washington continued to press charges, we believe the Prime Minister might drastically curtail cooperation with the United States on interdiction efforts. Pindling also might retaliate by expelling into international waters the thousands of Haitians residing illegally in The Bahamas--as Nassau did in 1985. [redacted]

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In addition, Pindling might try to deflect US charges by selectively cracking down on drug offenders and blaming Washington for inadequate help in dealing with the problem.

[redacted] Attorney General Adderley recently has begun to increase efforts to investigate and prosecute corrupt police officials. [redacted]

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however, [redacted] the targets of Adderley's investigations have been chosen for political reasons; corrupt officers with ties to the ruling party have not been affected. The Embassy says Adderley has rejected suggestions by US officials that corruption exists at higher levels, and he has accused the United States of not providing adequate assistance to The Bahamas to combat narcotics.

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As in the past, Pindling and other Bahamian officials probably would charge that the demand for drugs in the United States is to blame for the flow of narcotics via The Bahamas, according to the Embassy. [REDACTED]

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We believe the Prime Minister might target US tourist drug offenders more aggressively if he perceived that such action portrayed him as a tough antinarcotics advocate without seriously jeopardizing tourism. Embassy reporting indicates that The Bahamian Dangerous Drugs Act was amended this year to provide for life imprisonment for possession of illegal narcotics in excess of specified amounts, and Bahamian courts have begun handing down stiff sentences for possession of small quantities of drugs. Regardless of whether Pindling is indicted, the Embassy foresees an increase in the arrest and harsh sentencing of US tourists on drug charges. [REDACTED]

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Prospects for bilateral cooperation in legal matters also would be likely to deteriorate. Nassau, in our view, might become reluctant to share information--as provided for under the pending Mutual Legal Assistance Treaty--needed for criminal investigations in the United States. Moreover, ongoing bilateral negotiations probably would stall on a new extradition treaty designed to broaden the scope of extraditable offenses. [REDACTED]

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#### Economic Options

We believe Pindling has no attractive economic options that he could use to retaliate against the United States because such actions would have much greater impact on the Bahamian economy. The Bahamas has long depended on its political stability, banking secrecy, and status as a tax haven to attract tourism, offshore banking and insurance, and foreign investment. Any moves--such as expropriation of US business and banking assets or imposition of a trade embargo--that compromised these basics probably would plunge the economy into a deep recession with little economic repercussion on the United States. [REDACTED]

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#### Implications for the United States

Any reduction in cooperation on interdicting drugs and illegal emigrants would be the most damaging measures for US interests. By restricting or denying the access of the US Coast Guard to Bahamian territorial waters, the Prime Minister would decrease significantly the potential for narcotics interdiction in the region, and the expulsion of undocumented Haitian residents from The Bahamas would magnify the problem of intercepting illegal emigrants into Florida. Pindling also might move to terminate the use of local facilities by US military forces. [REDACTED]

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The Prime Minister's potential responses in other areas probably would have a more limited impact on US interests. Pindling, for example, might try to embarrass Washington by arresting US drug offenders, calculating that the families of incarcerated US citizens--facing lengthy prison sentences for relatively minor drug offenses--would demand that the US government intercede to secure their release. The Prime Minister also could declare key US Embassy personnel personae non gratae and deny visas to selected US Government officials. Reducing the current low level of bilateral cooperation on legal matters such as extradition and the exchange of evidence for criminal investigations probably would be more symbolic than damaging to US interests, at least in the near term. [REDACTED]

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The Prime Minister probably would not face significant international pressure in the short term following a US indictment. Most Caribbean area governments, tarred by their own narcotics-related corruption, probably would be reluctant to condemn the Prime Minister. Indeed, some might criticize an indictment as interference in Bahamian internal affairs and blame Pindling's problems on the large demand for drugs in the United States. For its part, London would be unlikely to get directly involved in an indictment controversy and probably would leave Washington and Nassau to resolve matters on their own. [REDACTED]

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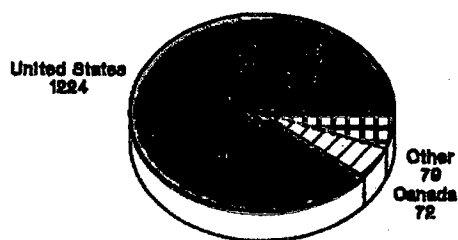
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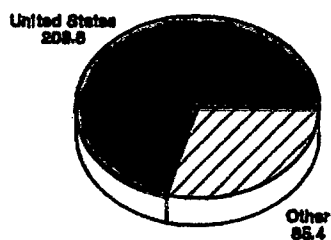
## The Bahamas-US: Economic Relations

- *Tourists come primarily from the US.*
- *The US accounts for about 70% of The Bahamas' exports.*
- *Nearly 75% of Bahamian imports come from the US.*
- *US direct investment totals \$3.4 billion.*
- *The Bahamas is the world's 4th largest offshore banking center.*

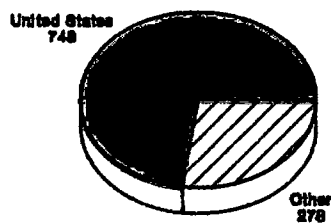
### Tourist Arrivals by Country, 1986 Thousands of Tourists



### Exports by Country, 1986 Million US \$



### Imports by Country, 1986 Million US \$



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